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UK Charity Tax Relief Statistics 1990-91 to 2013-14



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1. Summary

This publication contains information about taxation of charities in the UK and the reliefs claimed by both charities and individuals following a charitable donation.

The summary below relates to the updating of following tables in June 2014.

- Table 10.1. Repayments of Tax to Charities (last updated June 2013)
- Table 10.2. Cost of Tax Relief (last updated April 2014)
- Table 10.3. Gift Aid Donations Amounts (last updated June 2013)
- Table 10.4. Gift Aid Repayments to Charities by Amount (last updated June 2013)
- Table 10.8. Payroll Giving (last updated December 2013)

Repayments of tax to Charities in 2013-14 remained at the same level as in 2012-13. Repayments of tax to Charities increased steadily from 2004-05 to 2010-11. Gift Aid repayments increased from 2010-11 to 2012-13, but there was a slight reduction in total tax repayments following the end of transitional relief in 2011. Transitional Relief allowed charities to receive an extra 2% on Gift Aid claims following the cut in the basic rate of income tax from 22% to 20% on 6 April 2008. This transitional relief was in operation for three years and applies to all donations made between 6 April 2008 and 5 April 2011.

There is no change to the total amount of relief to charities and total amount of relief for individuals since the April 2014 release. There is a minor change in Gift Aid Small Donation Scheme compared to the April release (down by £1m to £6m).

The largest contributors to reliefs for charities were national non-domestic rate (business rate) relief at around £1,590m and Gift Aid tax repayments at around £1,040m (see Table 10.1 and Figure 1.1 – Gift Aid from Individuals). For reliefs to individuals, the largest contributors were Inheritance Tax relief (£500m) and Higher Rate Relief (£500m) (Table 10.2 and Figure 2.6).

Gift Aid and Higher Rate Relief are often seen as the most salient reliefs for the charity sector. Total projected repayments to charities under the Gift Aid scheme, amount to £1,040m which has remained unchanged compared to the previous year. Total Higher Rate Relief was projected at £500m, an increase of 6% over the value of £ 470m for the previous year (Figure 2.5).

There is an increase of over 100% (from £ 150m to £ 310m) in the estimate for SDLT relief in 2013-14 as against the figure for 2012-13. This is due to the effect of one very large transaction early in the year and also a general increase in actual SDLT receipts compared to the forecast.

Payroll Giving amounts have also steadily increased over the years and reached £134m in 2013-14. Although there appears to be some vacillation during the past three years, this is mainly due to the effect of one very large donation in 2012-13.

2. New or updated statistics in this release

These statistics are published three times a year. Each publication contains new tables of charity tax statistics for the year. The tables updated in this release and the links to the updated tables are updated are given below.

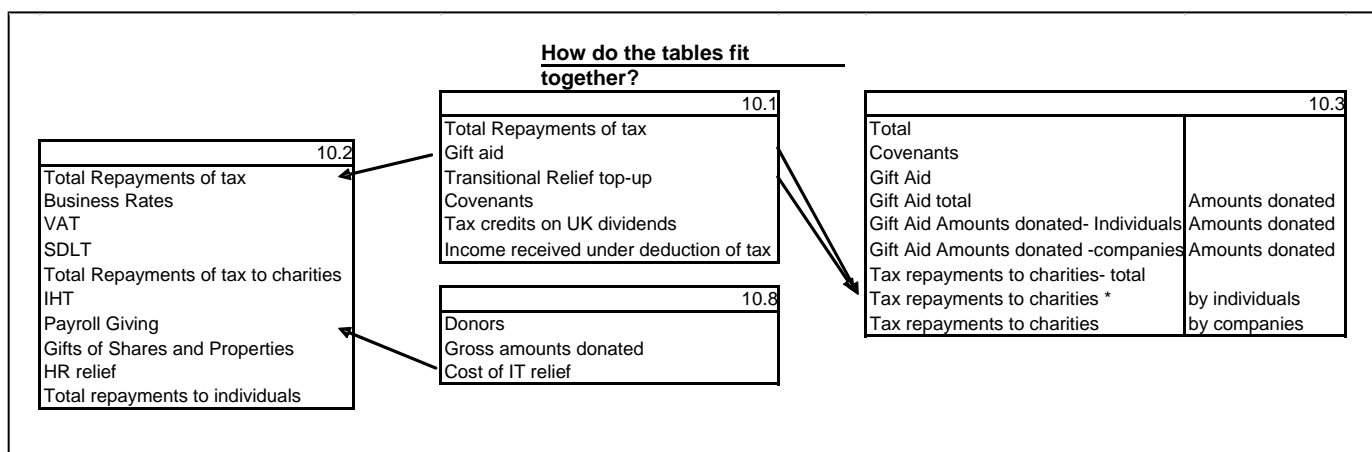
Table	Description	Links	Updated	Next update
10.1	Repayments of tax to charities	pdf xls	Jun-14	Jun-15
10.2	Cost of tax relief	pdf xls	Jun-14	Dec-14
10.3	Gift Aid donations amounts	pdf xls	Jun-14	Jun-15
10.4	Gift Aid repayments to charities by amount	pdf xls	Jun-14	Jun-15
10.5	Gift Aid by higher rate taxpayers	pdf	Jun-06	
10.6	Gift Aid by higher rate taxpayers by characteristic	pdf	Jun-06	
10.7	Gift Aid by higher rate taxpayers by donation size	pdf	Jun-06	
10.8	Payroll giving	pdf xls	Jun-14	Jun-15

How do the tables fit together?

Some tables report data which is derived in other tables.

Table 10.2 - The 'total repayments' column refers to the sum of all the columns in Table 10.1. The Payroll Giving column is the 'cost of Income Tax relief' in Table 10.8

Table 10.3 - The Gift Aid figure in Table 10.3 differs from the figure in Table 10.1 as Table 10.3 combines Transitional Relief and Gift Aid whilst 10.1 keeps Transitional Relief and Gift Aid separate.



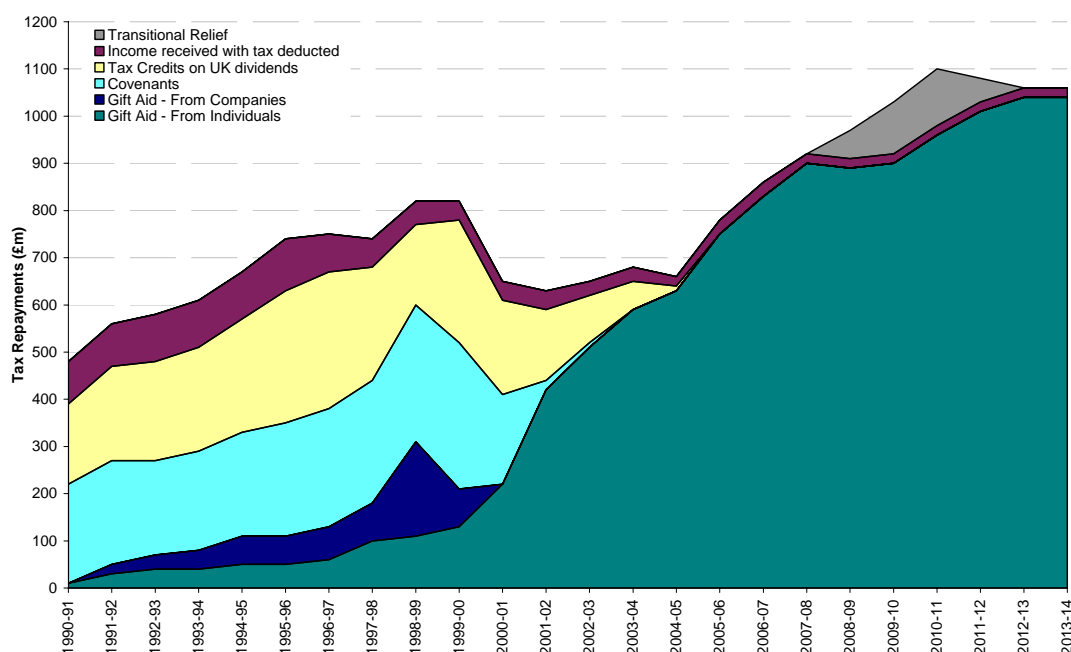
3. Commentary and analysis

The following commentary explains some of the more significant data series from the separate tables.

TABLE 10.1: REPAYMENTS OF TAX AND PAYMENTS OF TAX CREDITS TO CHARITIES

Figure 1.1 below shows how the composition of the Total Tax Repayment to Charities (column 1) has changed over time. It consists of Gift Aid repayments (column 2) split by relief received from companies and individuals (using information available in Table 10.3), Transitional Relief (column 3) and income received with tax deducted (last column). Transitional relief which existed to compensate for the effect of base rate reduction from 2008-09 was phased out after 2011-12. Prior to 2005-06, total tax repayments also included Covenants and tax credit on UK dividends which was relief on investment income rather than donations.

Figure 1.1: Total Tax Repayments to Charities



Note: In 2000-01 and 2001-02, the time series showing Gift Aid from Individuals will have included an unknown element of company donations made in earlier years. See Tables 10.1 and 10.3 for more details.

Gift Aid is an Income Tax relief on donations. It is the best-known of the tax reliefs available to charities and has over the past 20 years displayed long-term growth with two interim falls.

The fall in Gift Aid between the years of 1998 and 2001 was due to a single large corporate donation in 1998/99; with this excluded then the trend in Gift Aid would have been flat throughout that period. Following Budget 2000, company donations are paid gross and do not involve tax repayments and are excluded. Figures for 2000/01 onwards are therefore not directly comparable with data for earlier years.

The fall in figure 1.1 between 1999-2000 and 2004-05 can also be partially attributed to the cessation of Tax Credits on UK dividends. Tax Credits on UK dividends were abolished for dividends paid on or after 6 April 1999. However, charities received compensation, through public expenditure, for the loss of tax credits. This compensation took the form of a transitional relief payment to a charity of a percentage of the dividends it received. It was phased out over a five year period and last repayments were made charities in 2004-05.

The fall in 2008-09 was due to the fall in Income Tax rates from 22% to 20%. This was offset by Transitional Relief, which is included as a separate column in this table. The chart also illustrates the effect of including Transitional Relief which has now tapered off.

As HMRC does not have information on donations that do not have tax consequences, it is not possible to determine the behaviour of overall donations from individuals on the basis of this data. Organisations produce some estimates of the total amounts of charitable giving by individuals, for instance:

http://www.ncvo.org.uk/images/documents/policy_and_research/giving_and_philanthropy/uk_giving_2012_full_report_1211.pdf

<https://www.cafonline.org/pdf/UK%20Giving%202012-13.pdf>

HMRC is not in a position to comment on the accuracy of such estimates or on their comparability with figures presented here.

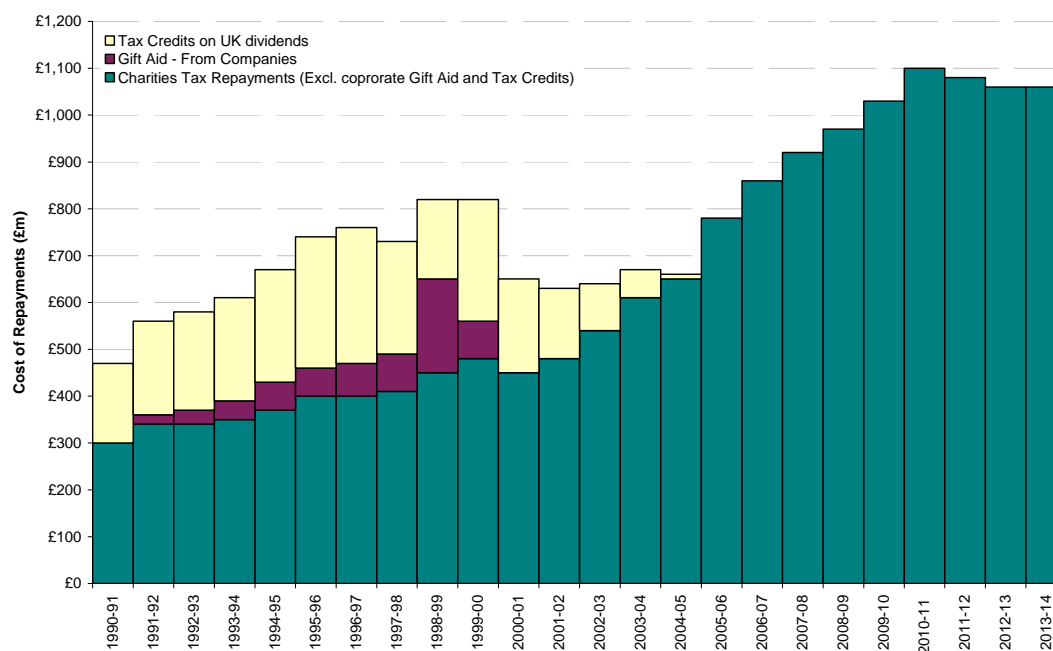
TABLE 10.2: COSTS OF TAX RELIEF

Table 10.2 details the major costs of charitable tax reliefs to the Exchequer. These reliefs relate to charities directly as well as to individual donors.

RELIEFS TO CHARITIES

Figure 2.1 shows the values derived from the first column of Table 10.2, split by Charities Tax Repayments (excluding corporate Gift Aid and Tax Credits), corporate Gift Aid and Tax Credits on UK dividends.

Figure 2.1: Tax Repayments



Note: In 2000-01 and 2001-02, the time series showing Charities Tax Repayments (Excl. corporate Gift Aid and Tax Credits) will have included an unknown element of company donations made in earlier years. See Tables 10.1 and 10.3 for more details.

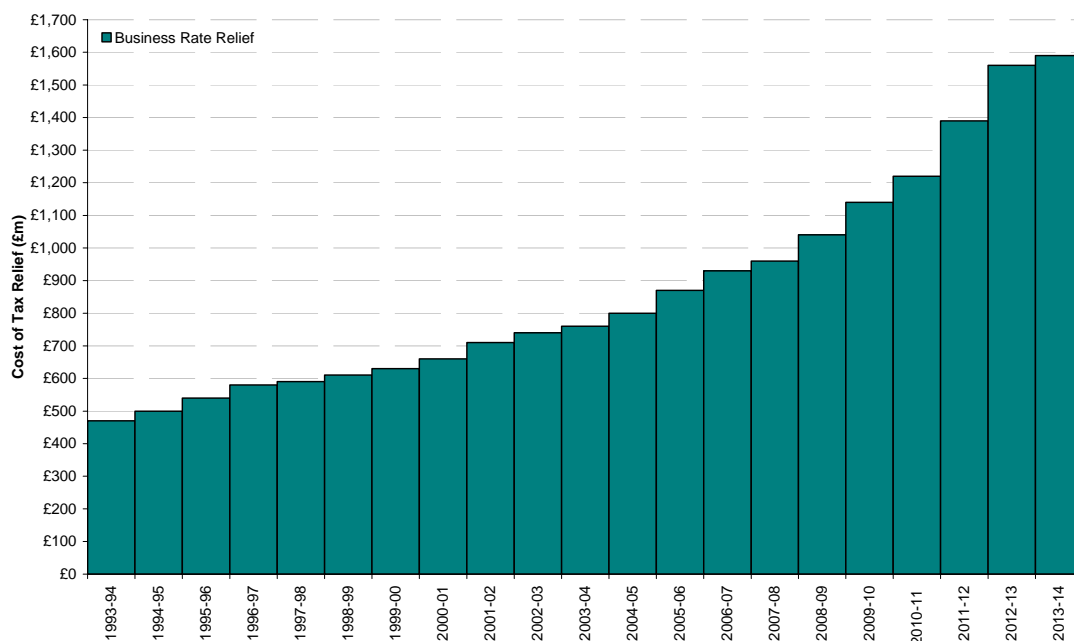
The long term trend for tax repayments to charities on donations is one of growth – an increase of nearly £600m from 1990 to 2014 (not adjusted for inflation), or 125%.

The overall trend shows a bottoming-out of repayments between 2000-01 and 2004-05. This is a consequence of corporate donations no longer being included within the Gift Aid scheme and hence not appearing in the data as well as cessation of Tax Credits on UK dividends in 2004-05 which was relief on investment income rather than donations. As such, figures from 2004/05 are not directly comparable with the data in previous years. For more information on this change please see Tables 10.1 and 10.3. Repayments of tax to Charities increased steadily from 2004-05 to 2010-11. Gift Aid repayments increased from 2010-11 to 2012-13, but there was a yearly fall of £20m (about 2%) in total tax repayments following the end of transitional relief in 2011. There has been no change between 2012-13 and 2013-14. However, it is too early to make any predictions of a long term trend.

From 2013-14, HMRC introduced a new online system for Gift Aid. This makes it difficult to say what the underlying trend is on a comparable basis since (for instance) changing over to using this may have led to some delay in claims on the part of certain charities, while on the other hand, other charities once they become accustomed to it may claim more quickly than under the old system.

Figure 2.2 below shows data for **Non-domestic rates relief**, given in the third column of Table 10.2.

Figure 2.2: National Non-Domestic Rates (Business Rate) Relief



Non-domestic rates relief (or ‘business rates relief’) allows charities an 80% reduction in the corresponding business rate; some authorities top this up by a further 20% resulting in complete exemption.

Non-domestic rates relief shows a steady growth year on year with the outturn for 2013-14 estimated to be £1,590m or about 2% higher than 2012-13, making business rate relief a consistently growing source of relief for charities.

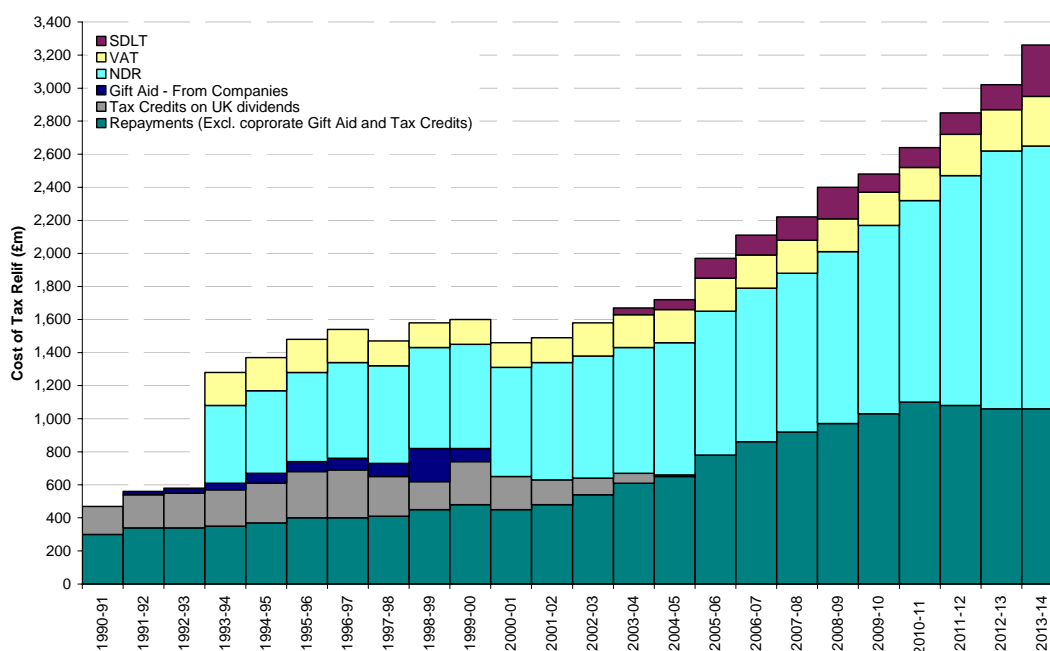
VAT relief is presented in the fourth column of the Table 10.2. It had remained steady at around £200m for several years. In 2011-12 VAT relief showed an increase of £50m to £250m. This was due to a combination of routine up-rating of the estimate together with the effect of rounding, applied to the nearest £50m. The projected outturn for 2012-13 remains unchanged at £250m, again possibly showing a rounding up effect. The 2013-14 projected value is a further £50 million increase. Although, this represents a 20% increase, it is important to note these increases are partly due to rounding up. Earlier changes in the recorded values may also be due to similar rounding up or down effects.

Data on **Stamp Duty Land Tax (SDLT)** is given in the fifth column of Table 10.2. Stamp Duty Land Tax (SDLT) is payable when one buys or leases land or property. The relief works by exempting a charity from this tax so it will not have to pay Stamp Duty Land Tax when buying a property.

Because of this the cost of the relief may vary with changes in property prices since introduction, along with other factors. A fall is observed from the peak in 2008-09, which may be connected with overall changes in property prices or numbers of property transactions. There is some evidence of a recovery, which may reflect improving circumstances in the property sector generally. While vacillations of this relief are difficult to predict due to the nature of the purchase and the property prices, consistent with the recent recovery in property market, stamp duty and land tax relief has shown an increase of about 8% from 2010-11 to 2011-12. There has been an increase of over 100% (from £150m to £310m) in the estimate for SDLT relief in 2013-14 compared to the figure for 2012-13. This is due to a combination of a single large transaction and overall upward revision of SDLT forecast.

Figure 2.3 below illustrates the composition of total reliefs for charities (sixth column of Table 10.2) over the period from 1990-91. Tax Repayments have been further split to Tax Repayments (excluding corporate Gift Aid and Tax Credits), corporate Gift Aid and Tax Credits on UK dividends using Tables 10.1 and 10.3. Corporate Reliefs and Tax Credits were only included in the time series between 1990-91 and 2004-05. As such figures are not directly comparable with the data in later years.

Figure 2.3: Total Reliefs for Charities



Note: In 2000-01 and 2001-02, the time series showing Repayments (Excl. corporate Gift Aid and Tax Credits) will have included an unknown element of company donations made in earlier years. See Tables 10.2 and 10.3 for more details.

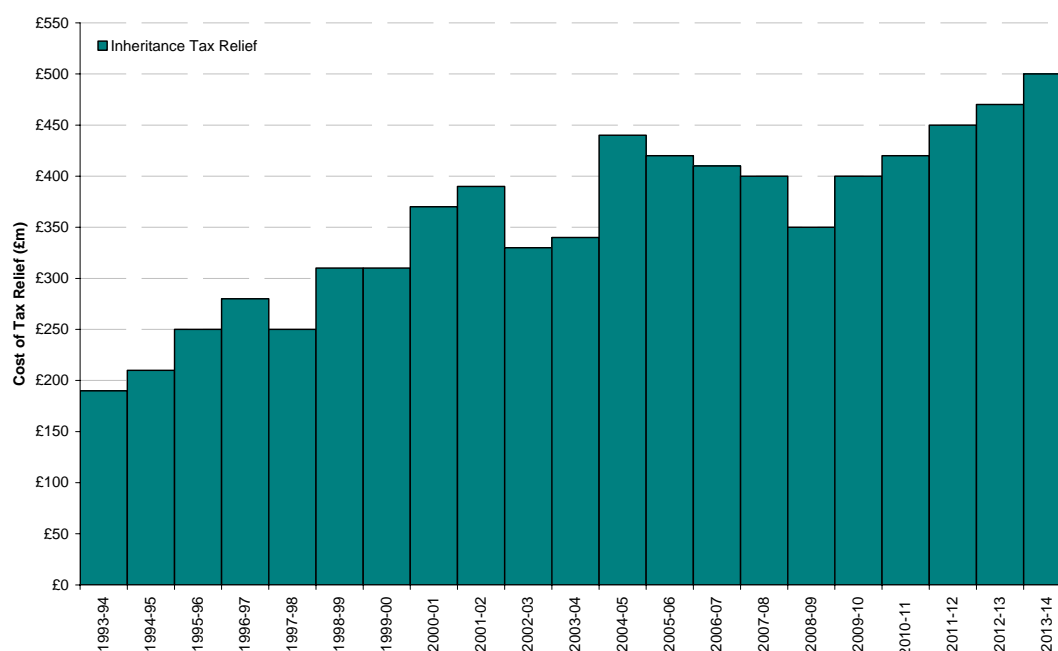
Total reliefs have risen at a steady rate over the years. The total broadly follows the trends and patterns of non-domestic rates relief and tax repayments on donations (as these two collectively make up more than 80% of reliefs to charities). There is no sign of any change to the overall trend of a sustained increase.

RELIEFS FOR INDIVIDUALS

As well as charities reclaiming tax repayments on donations and on expenditure some individuals can also claim a tax relief when making a gift to a charity. These include relief on Inheritance Tax, Payroll Giving, where donations are made out of untaxed income, relief on gifts of shares and property and Higher Rate relief. These reliefs are described in more detail at Section 4.

Figure 2.4 below gives data for **Inheritance Tax** (from the seventh column of Table 10.2).

Figure 2.4: Inheritance Tax Relief



Inheritance Tax relief follows an upward trend in the longer term while showing significant year-on-year volatility. Some of the variation may be connected with sharp changes in asset prices following the banking crisis of 2007, but the series is inherently difficult to predict as it tends to be dominated by relatively few large bequests. IHT relief has increased by about 4% in 2012-13 and is expected to increase by a further 6% in 2013-14. This change reflects more recent inheritance tax forecasts.

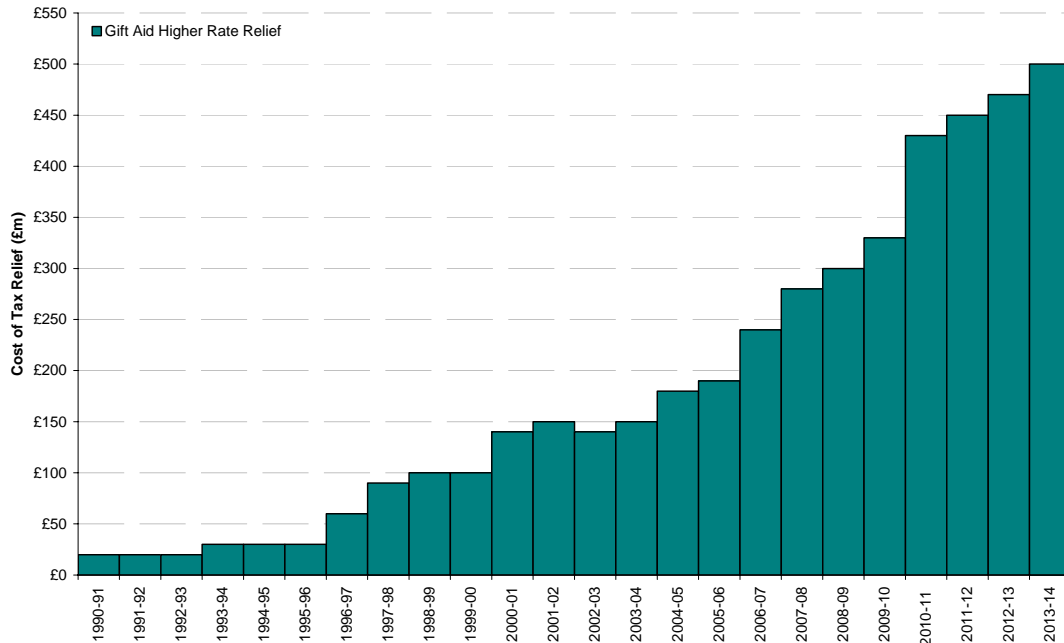
Payroll Giving data is displayed in the eighth column of Table 10.2. This is discussed in more detail under Table 10.8. Within the context of Table 10.2, Payroll Giving is the smallest item in terms of cost of the relief. Any changes in the amount of relief may be obscured by the scale of rounding (to the nearest £10m) as done in these tables.

Relief on **gifts of shares and property**, covered in the ninth column of Table 10.2, shows considerable random variation year-on-year and no discernable trend in the underlying donations. There is also a substantial increase compared to the general trend of this series between 2009-10 and 2010-11. Figures from 2010-11 include the contribution of relief on Additional Rate (following the introduction of Additional Rate Income Tax band) as well as

Higher Rate relief. Figures for 2011-12 are based on actual data and forecast is made for the subsequent 2 years.

Figure 2.5 below shows data on **Gift Aid Higher Rate Relief** (from the tenth column of Table 10.2).

Figure 2.5: Gift Aid Higher Rate Relief



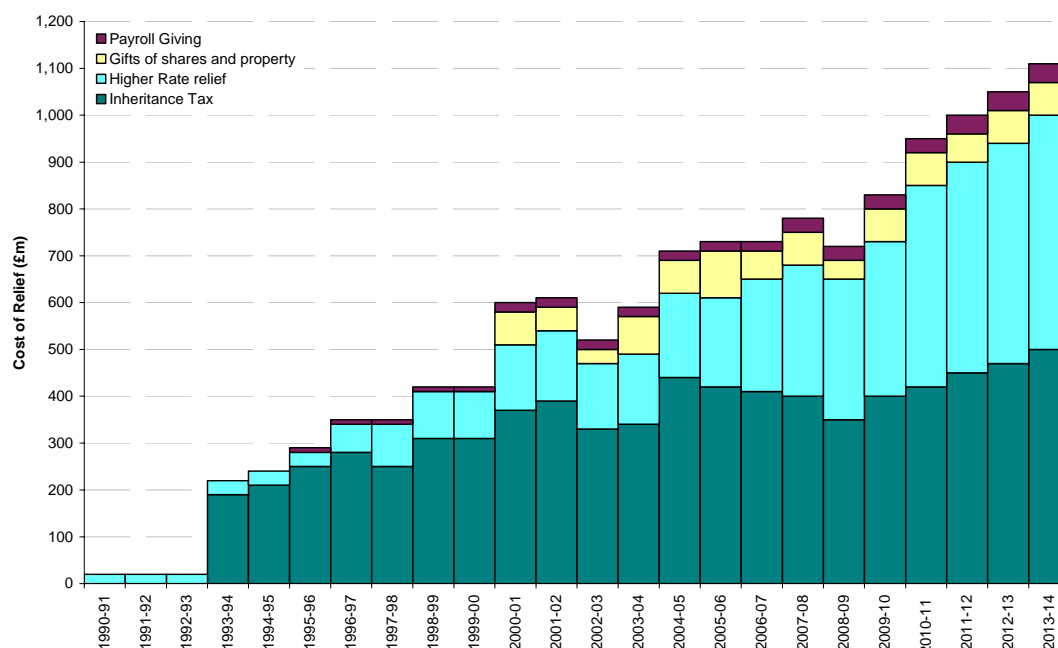
Gift Aid Higher Rate relief allows the donor to reclaim tax at a rate equal to the difference between their marginal rate and the Basic Rate. This is explained in more detail at <http://www.hmrc.gov.uk/individuals/giving/gift-aid.htm#4>.

Higher Rate Relief to donors has historically grown at a faster rate than the tax repayments (on donations) which are paid to charities. This may indicate a higher proportion of charitable giving being due to higher income individuals or to Higher and Additional Rate donors claiming the relief more consistently or an increased use of charitable giving to aid tax planning. The substantial increase in the higher rate relief between 2009-10 and 2010-11 is also due to the introduction and inclusion of the additional rate relief.

There has been a growth in the number of Higher Rate and Additional rate taxpayers, as can be seen at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/306826/Table_2.1.pdf, and the trend in Higher Rate Relief reclaimed is consistently upward.

Figure 2.6 shows **Total relief to individuals**, the final column of Table 10.2.

Figure 2.6: Total Reliefs for Individuals



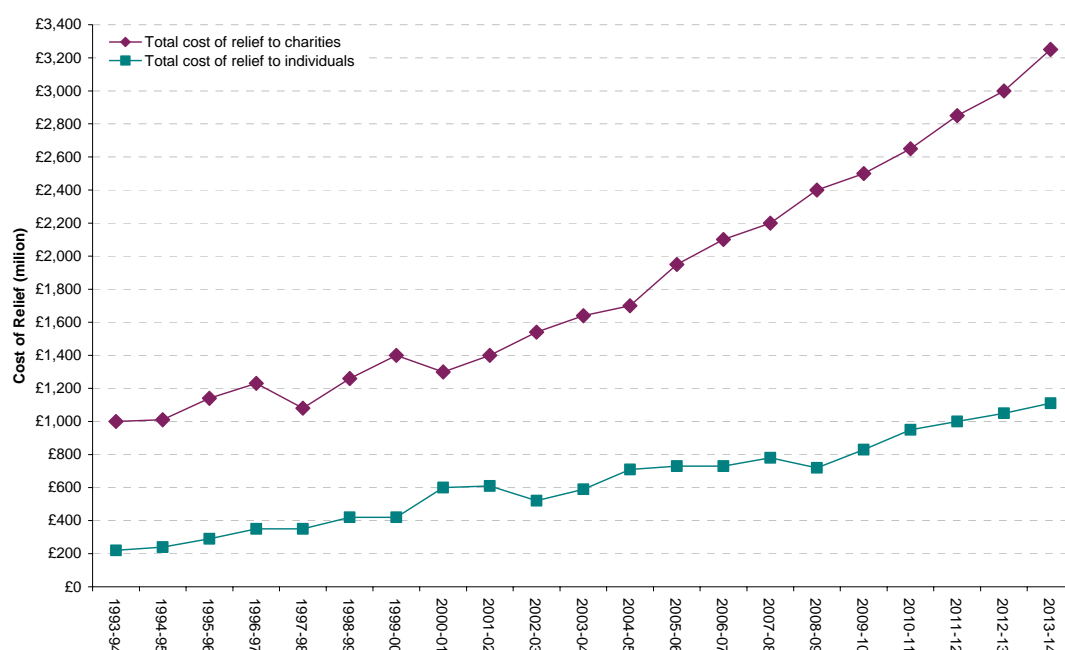
The series for individuals shows similar behaviour as for Charities with perhaps a slightly less marked increase. Charities receive almost three times as much in reliefs as individuals. Figure 2.7 below displays both of these series.

In order to allow for meaningful comparison between the total cost of relief to charities and total cost of relief to individuals, Figure 2.7 excludes corporate donations (last column of Table 10.3) and Tax Credits on UK dividends (fifth column of Table 10.1). Both corporate donations and Tax Credits on UK dividends did not exist throughout the entire time series displayed and Tax Credits are relief on investment income rather than donations.

Corporate donations appeared in the time series between 1991-92 and 1999-2000. Following Budget 2000, company donations are paid gross and do not involve tax repayments and hence are excluded.

Tax Credits on UK dividends were abolished for dividends paid on or after 6 April 1999. However, charities received compensation, through public expenditure, for the loss of tax credits. This compensation took the form of a transitional relief payment to a charity of a percentage of the dividends it received. It was phased out over a five year period and last repayments were made charities in 2004-05.

Figure 2.7: Total Reliefs to Charities and to Individuals



Note: In 2000-01 and 2001-02, the time series showing Total cost of relief to charities will have included an unknown element of company donations made in earlier years. See Tables 10.2 and 10.3 for more details.

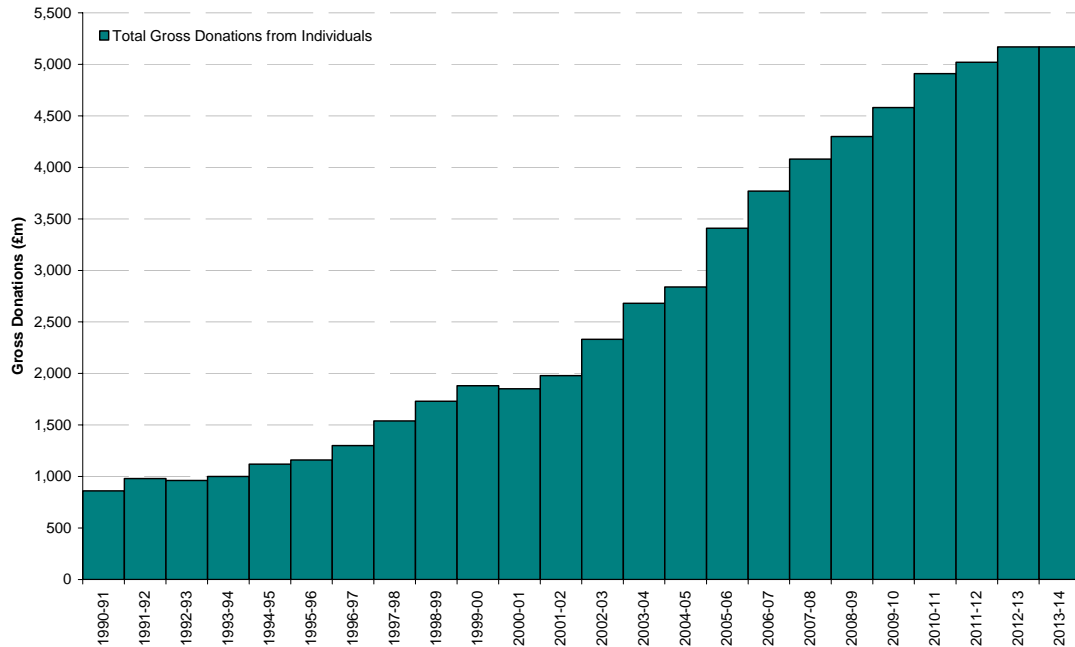
TABLE 10.3: GIFT AID AND COVENANTS

Table 10.3 presents a more detailed view of data displayed in Table 10.1, and includes the underlying donations giving rise to tax relief. It also features giving by covenants, which are no longer a prominent part of the charitable giving landscape following the introduction of Gift Aid.

A covenant (also called a deed of covenant) is where an individual or a company promises to pay a fixed sum to a specific charity each year. Taxpayers received relief from income or corporation tax on their covenanted donations to charities, provided the covenants could run for more than 3 years. There were no restrictions on amounts donated by covenants. Tax relief for donations made under a deed of covenant ran up to April 2000 and has since been replaced by the Gift Aid scheme.

Figure 3.1 below shows the **gross amounts donated by individuals**. This is derived by using the Total Gross Amounts donated (first column of Table 10.3) and subtracting Gift Aid Donation Amount from Companies (sixth column of Table 10.3) and Tax Repayments on Gift Aid Donations from Companies (ninth column of Table 10.3).

Figure 3.1: Total Gross Donations from Individuals



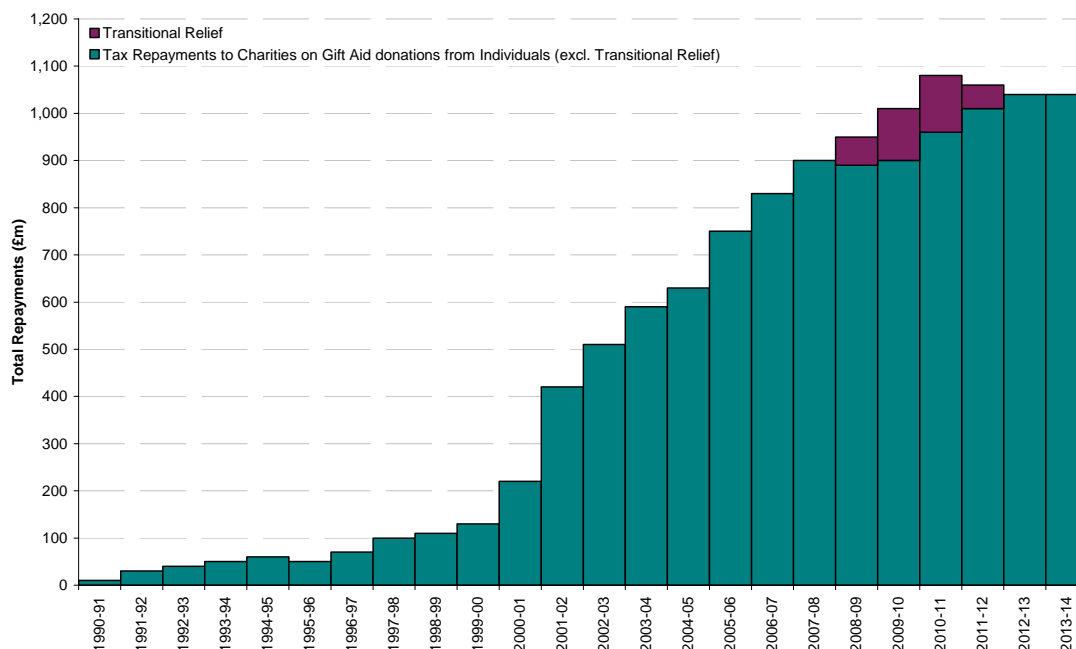
Note: In 2000-01 and 2001-02, the time series will have included an unknown element of company donations made in earlier years. See Table 10.3 for more details.

This chart shows the gross amounts donated on which tax relief is applied. Therefore, this series represents the amounts donated to charities plus the relief received (at basic rate). This is not the total amounts donated to charities. As stated in section for Table 10.1, HMRC does not have information on donations without tax consequences.

Net donations have grown in much the same way as the Gift Aid repaid to charities. The chart excludes donations from companies to allow for meaningful comparison of the time series.

Figure 3.2 below shows **Tax repayments to charities on Gift Aid donations from Individuals**, the eight column of Table 10.3. Further breakdown for Transitional Relief has also been provided (using information from Table 10.1).

Figure 3.2: Tax Repayments to Charities on Gift Aid Donations from Individuals.



Note: This series excludes corporate donations to allow for meaningful comparison of the long term trend with the exception of 2000-01 and 2001-02. In these years, repayments will have included an unknown element of company donations made in earlier years. This means we are unable to provide an accurate total for individual donations for those two years.

TABLE 10.4: GIFT AID REPAYMENTS TO CHARITIES

Table 10.4 shows the size distribution of total repayments to charities, in terms of the **number** of charities that received repayments in a certain range and the **total value** of those repayments. The totals for amounts of repayments are slightly different from those shown in Tables 10.1 and 10.3 because those tables are by year of repayment rather than by year of claim as in Table 10.3. From 2013-14, the figures are by year of repayment and therefore in line with totals reported in other tables.

The tables can be interpreted both by cross-section (considering a particular year) and as a time series (from year to year); both of these approaches are attempted below.

Figures 4.1 and 4.2 below show the data from Table 10.4 for a single year (2013-14) in terms of the numbers of charities receiving total repayments in the specified ranges and the total value of those repayments.

Figure 4.1: Count of Charities Receiving Repayments in each Annual Band (2013-14)

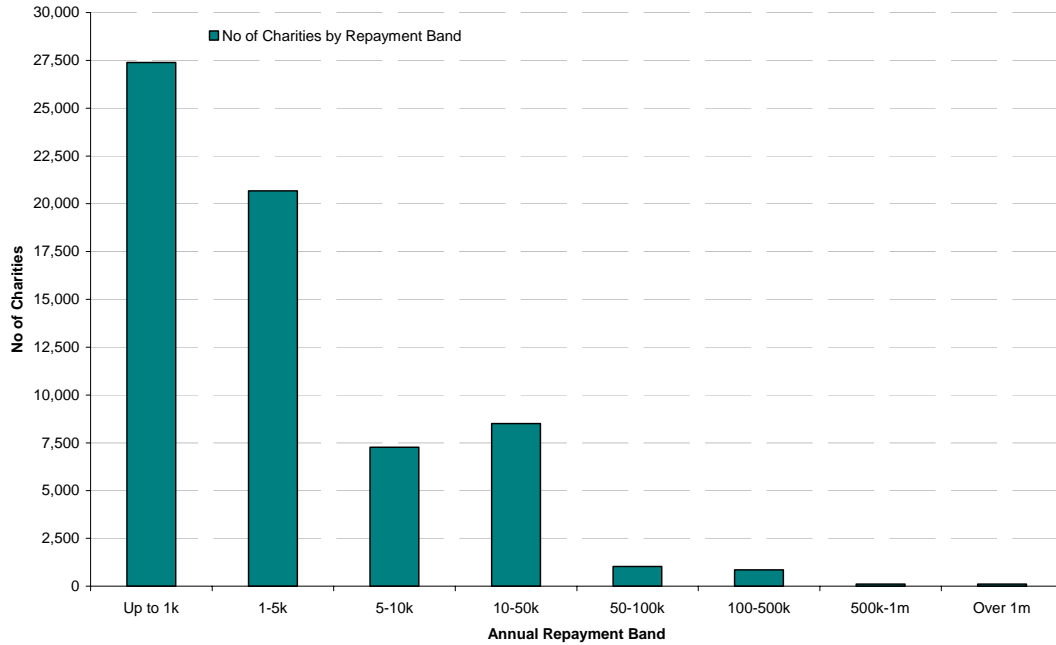
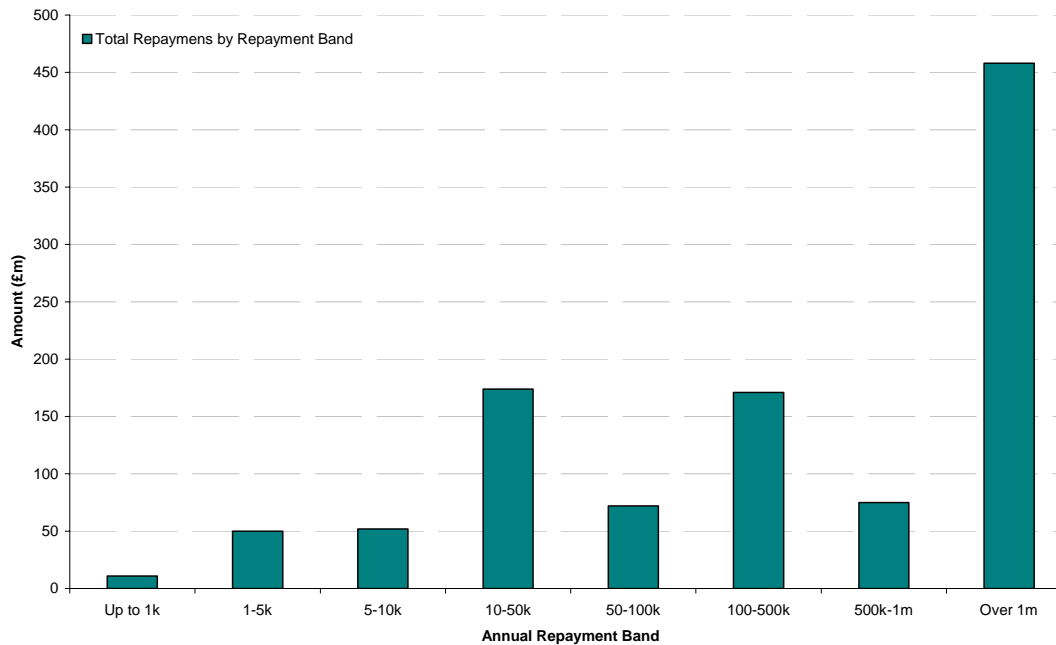


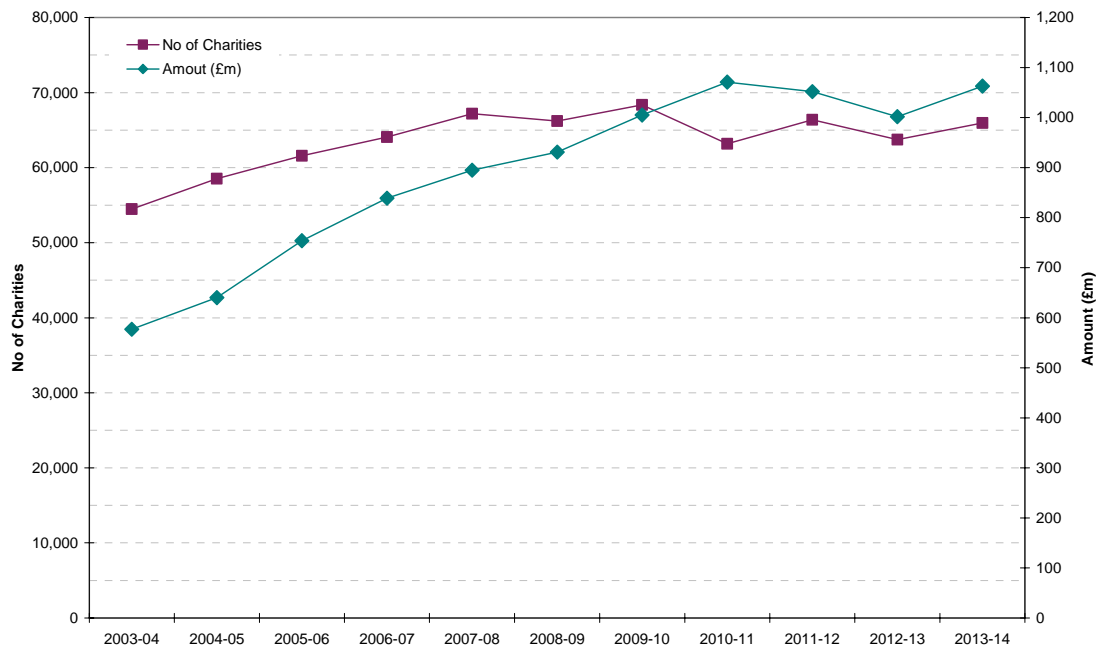
Figure 4.2: Total Amount of Repayments to Charities in each Annual Band (2013-14)



Generally the value of repayment (or the repayment band) and the number of charities shows an inverse relationship. This means there are relatively a large number of charities claiming smaller repayments (and vice versa). Repayments over £1m amounts to nearly half of the total repayments.

Figure 4.3 below shows the number and value of annual repayments over the period 2003-04 to 2013-14.

Figure 4.3: Number and Value of Annual Repayments to Charities

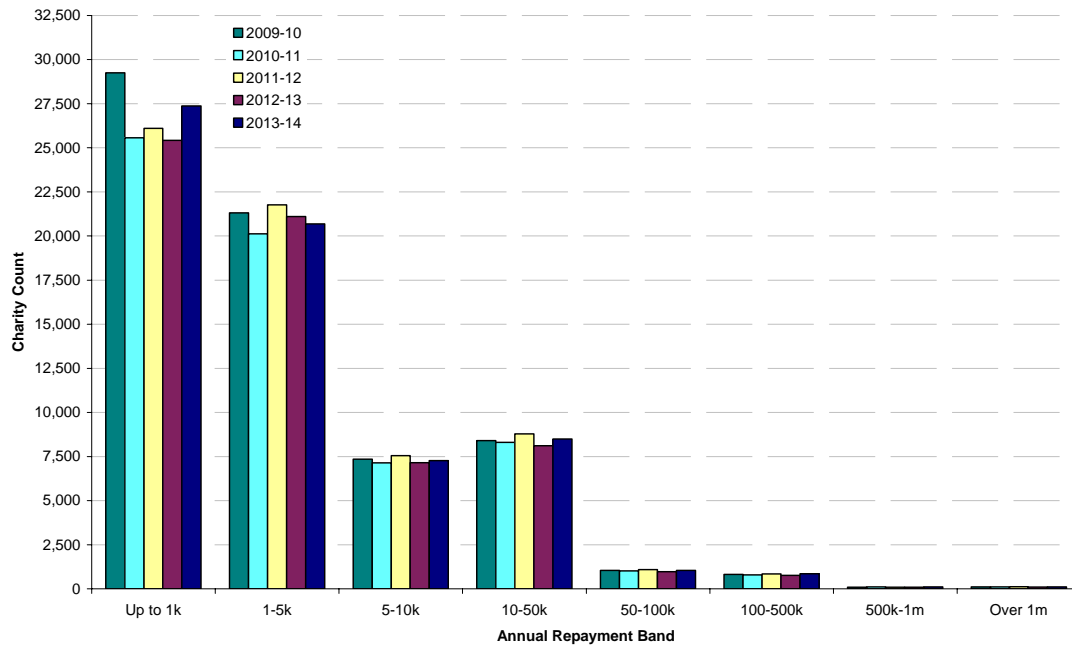


This chart shows the total number of repayments and the total value of repayments by year of repayment. Total value is the value of repayments processed in that year whilst the number of charities is the number of charities receiving repayments in that year and in that range. From 2013-14, total value is by the year of repayment.

The total number of charities receiving repayments shows a slight upward trend. However the value of the repayments has substantially increased over the same period. This implies that the average repayment has increased over the years. When considered with Figure 4.2, this further implies that the average value of the larger repayments have gone up.

As the data is cross-sectional, one can look in more detail at the number and value of repayments. Figure 4.4 shows the number of charities receiving repayments in the specified bands for the previous five tax years.

Figure 4.4: Count of Charities Receiving Repayments in each Annual Band (2009-10 to 2013-14)



The repayment amount by repayment band (Figure 4.5) shows almost the reverse of the charity count by the same repayment bands.

Figure 4.5: Amount of Repayment by Annual Repayment Band (2009-10 to 2013-14)

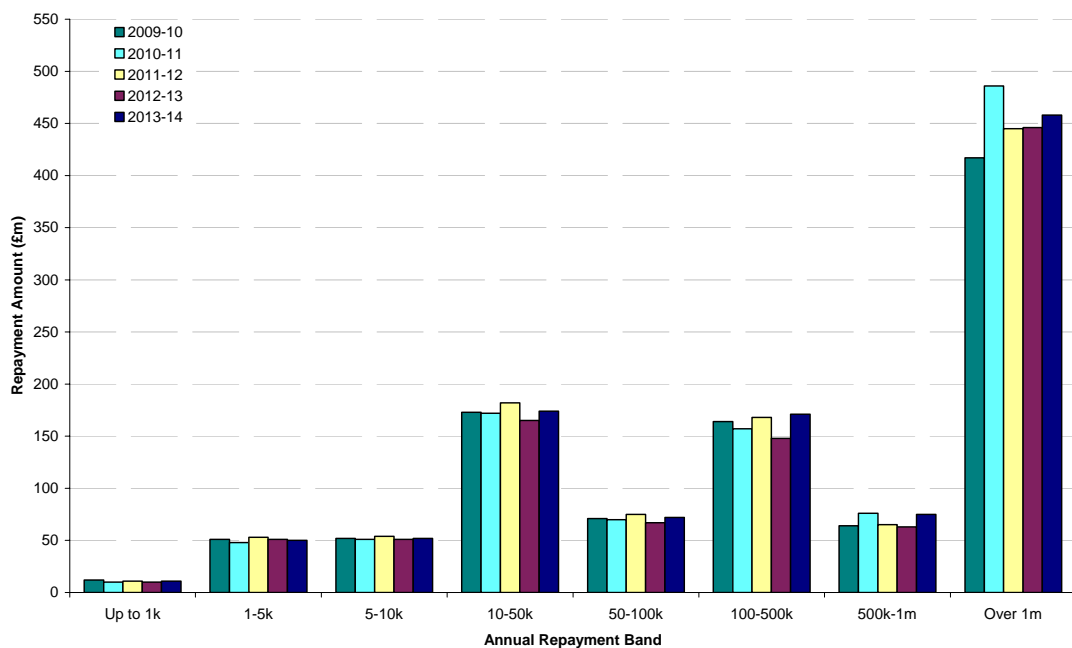
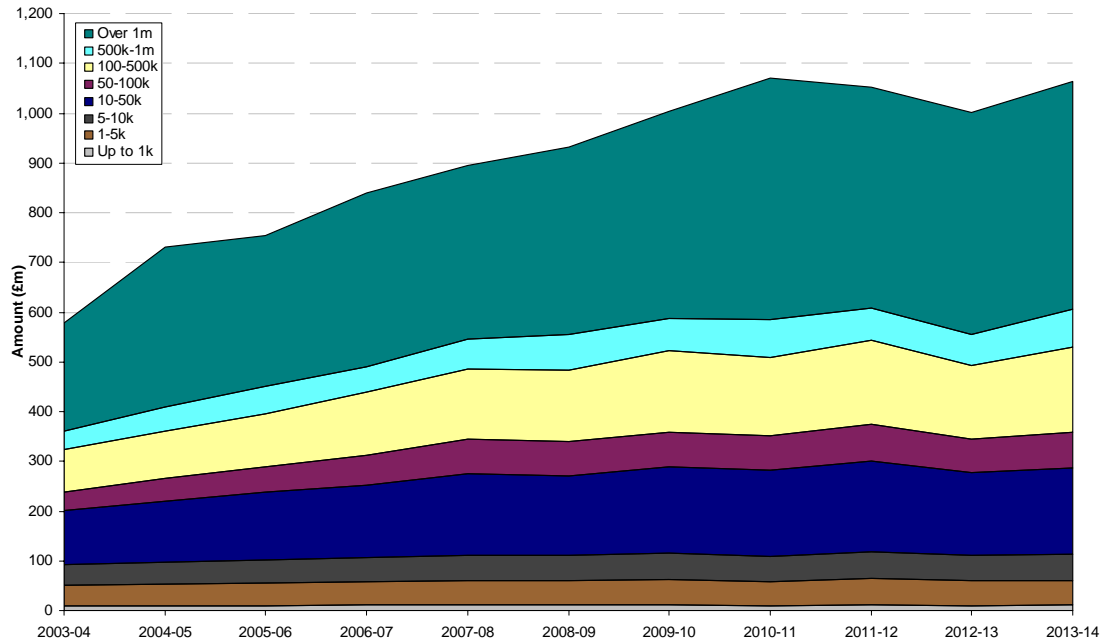


Figure 4.6 provides an illustration of the growth in the size of the higher repayments (over £1m).

Figure 4.6: Cumulative Amount of Repayments to Charities within each Annual Band across All Years



TABLES 10.5 10.6 10.7

Tables 10.5, 10.6 and 10.7 have not been updated. The feasibility of updating them for a future release is presently under investigation.

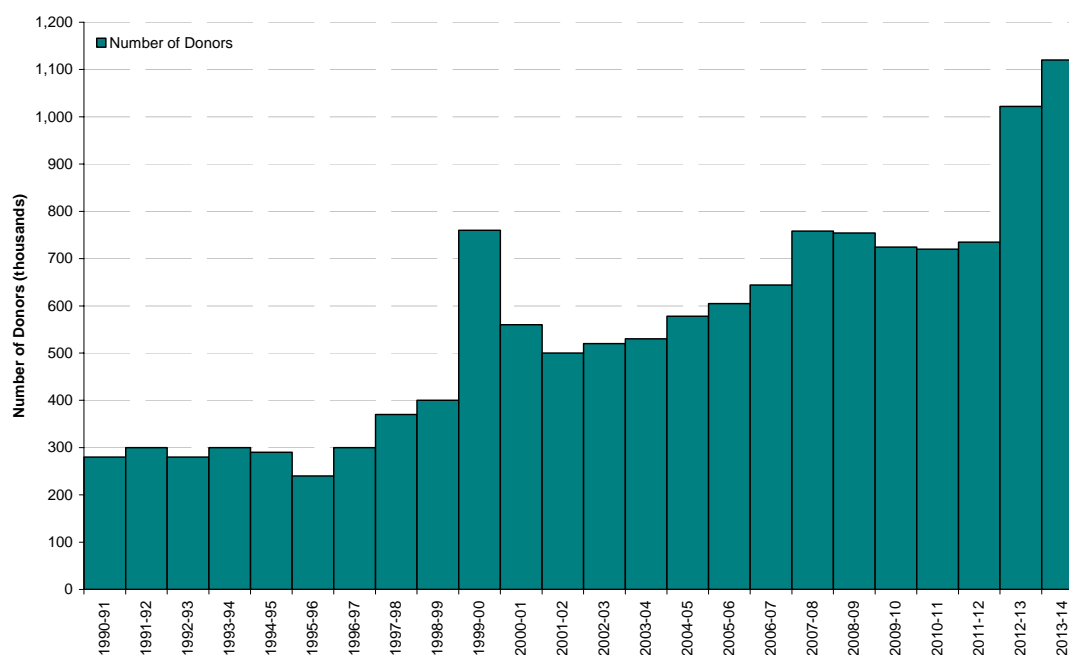
TABLE 10.8: PAYROLL GIVING SCHEME

Table 10.8 displays data on Payroll Giving. An employer wishing to set up a scheme contracts with an agency approved by HMRC. Employees wishing to take part authorise the employer to deduct amounts from their pay and nominate the charities to which their gifts should go. As the donations are deducted before tax it reduces the effective tax rate that the employee pays. Because of this payroll giving cannot be Gift Aided.

The statistics come from returns supplied by Payroll Giving Agencies rather than from HMRC administrative systems.

Figure 5.1 below shows the number of Payroll Giving donors (from the first column of Table 10.8) together with some imputed values for the period 1998-99 to 2001-02. This is explained further below.

Figure 5.1: Numbers of Donors with Imputed Values



From 2012-13, there has been a change in data collection (from quarterly to annual), substantial change in data systems of some Payroll Giving Agencies and increased effort by HMRC to gather complete data from the Payroll Giving Agencies, accompanied by a more pro-active audit programme. Therefore some caution should be taken when comparing with previous years as these improvements mean that previous years figures are not directly comparable.

There may also be some instances of double-counting number of donors in the totals for the year, when employers switch Payroll Giving provider in-year. Some manual adjustments have been made to remove double-counting where we could verify that it had occurred. However, there may still be some instances where it prevails (especially for employers with low number of donors). This is particularly relevant for 2012-13 onwards. It does not affect Gross Amounts Donated.

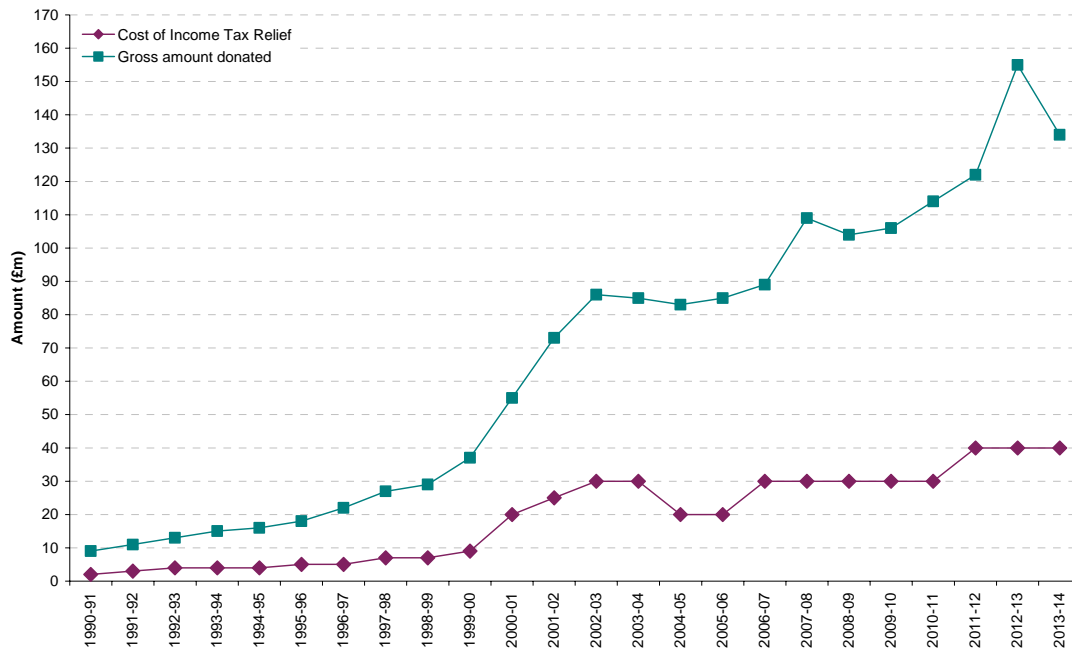
There are some further issues with the historic comparability of this data, as discussed below.

Prior to 1992-93, some of the statistics included people who had been donating but who had subsequently stopped. This was corrected in the statistics from 1992-93. However there were further issues on reporting the number of donors from 2000-01 onwards, connected with some workplaces pooling their staff members' funds before passing them on. Evidence suggests that this is continuing to a limited extent in connection with 'charity of the month' exercises.

The substantial rise in 1990-2000 was due to the inclusion of donations under the Children's Promise campaign. When this is removed the expected rise in number of donors becomes much smaller and as such the fall in 2000-01 is much more muted. The data therefore includes some imputed figures for the period 1998-99 to 2001-02; these may give a better picture of the underlying behaviour in these years,

Figure 5.2 below shows the Gross Amount donated and cost of Income Tax relief for Payroll Giving (from the second and third column of Table 10.8).

Figure 5.2: Cost of Income Tax Relief for Payroll Giving



Payroll Giving has been in existence since 1987, but only really gained traction in 1999 when there was a Payroll Giving campaign to encourage people to donate their final hour's pay of 1999 to charity.

The amount of relief then continued to grow until 2004-05 where it fell. This is explained by the expiration of a 10 per cent Payroll Giving supplement, which was a part of a campaign to promote the scheme.

The figures for Cost of Income Tax Relief have been rounded to the nearest £10m from 2003, and this may make the series since then look deceptively static for long periods.

While the total number of donors has increased in 2013-14, gross amount donated has gone down. This is primarily due to a single large donation that was received in 2012-13.

4. Information about charity tax reliefs

Statistics on charity tax reliefs provide some information on charity funding, but not all types of giving attract relief. Statistics are only presented on those reliefs where it is possible to make an accurate estimate of the relief.

The charity tax reliefs depend upon the specifics of particular taxes, and as such the reliefs covered can be classified according to the taxes involved:

Income Tax

- Gift Aid
 - Basic Rate relief to charities
 - Higher Rate /Additional Rate relief to donors
- Relief on shares and property
- Payroll Giving

VAT

SDLT (Stamp Duty Land Tax)

Non-Domestic Rates

(IHT) Inheritance Tax

Income Tax and its reliefs

The basis of **relief on Shares and Property** is that the value of gift is deducted from donor's taxable income when calculating their liability, so that they get all of the relief. In **Gift Aid** the total amount of relief is the same, but it is shared between donor and charity, so that the charity can reclaim the Basic Rate component and the donor can reclaim the rest.

Transitional Relief has also been applied to help charities adjust to the consequences of the reduction in the Basic Rate of Income Tax in 2008. It comprised of a 2% top up on the rate of tax, repaid to the charities resulting in the charities continuing to receive the tax repayment at 22%. Transitional Relief ran for three years and applied to all donations made between 6 April 2008 and 5 April 2011. As claims may result from donations made in past years, some residual Transitional Relief will be paid after 5 April 2011, but only on donations made before (or on) that date.

The **Gift Aid Small Donations Scheme (GASDS)** allows eligible charities and Community Amateur Sports Clubs (CASCs) to claim top-up payments from HM Revenue and Customs (HMRC) on small cash donations that they receive. The scheme applies to cash donations of £20 or less, received after 6

April 2013. Like Transitional Relief, it is classed as public expenditure rather than a tax relief. The payment is calculated in the same way as a Gift Aid payment. Payments to charities and CASCs under the Gift Aid scheme and the GASDS are based on the basic rate of income tax for a tax year. So where the basic rate of income tax is 20 per cent, a small cash donation income of £5,000 will entitle the charity or CASC to a top-up payment of £1,250.

The basis of **Payroll Giving** is that employees (on PAYE) make regular donations from untaxed income. The effect of this is that the donor gets all of the tax relief, similarly to Shares and Property but distinct from Gift Aid.

VAT Reliefs

Certain goods and services can be zero-rated for VAT when purchased by certain eligible bodies with charitable or donated funds or when purchased by someone else to donate to an eligible body. This means that the purchaser does not have to pay VAT when making the purchase.

Examples of some of the categories that will have zero rated expenditure for VAT are:

- Pharmaceutical products
- Medical and precision instruments
- Advertising
- Sea rescue equipment
- Construction (proportion for alterations for the disabled e.g. bathrooms, ramps, stair lifts supplied by charities)

SDLT

Stamp Duty Land Tax (SDLT) is usually payable when one buys or leases land or property. But a charity will not have to pay Stamp Duty Land Tax when buying a property. This also applies when it buys a lease where Stamp Duty Land Tax would normally be due.

Non-Domestic Rates

Businesses and other occupiers of non-domestic properties pay Non-Domestic Rates (also known as Business Rates) to directly contribute towards the costs of Local Authority services. Charities are entitled to mandatory rate relief from payment of the business rates on any non-domestic property that is wholly or mainly used for charitable purposes. Relief is given at 80 per cent of the bill. The Council also has the discretion to give further relief on the remaining bill.

IHT/Inheritance Tax

Most estates do not have to pay Inheritance Tax because they are valued at less than the threshold (£325,000 in 2012-13). The tax is payable at 40 per

cent on the amount over this threshold, although a number of other tax reliefs and exemptions may be applicable such as spouse relief. It is also sometimes payable on trusts or gifts made during someone's lifetime. Any gifts made to a 'qualifying' charity - during one's lifetime or in one's will - will be exempt from Inheritance Tax.

5. Methodology

Basic Rate relief to charities as in Table 10.1, Table 10.2, Table 10.3 and Table 10.4 is calculated on the basis of data on repayments made to charities. With regard to checking and data quality, these can be considered with regard to **the payments themselves** and data about the **payments**. The payments are subject to a variety of manual checks before being made, while the data on individual payments is reconciled with the total amounts of payments made on a daily basis and any anomalies are resolved at this stage. The same methodology is applied for payments under the Gift Aid Small Donations Scheme (GASDS).

A provisional figure is estimated for the update of Table 10.2 in December while the outturn figure is provided in the April update of this Table. Table 10.4 (updated in June) shows a more detailed analysis of these repayments, while Table 10.3 includes a straightforward grossing-up of these repayments to give the underlying donations.

Higher Rate relief to donors and **relief on gifts of shares and property** are calculated in essentially the same way, on the basis of taxpayers' Self Assessment returns. The taxpayers' tax liability is calculated both with and without the relevant gifts and this is totalled to give the overall relief. These calculations rely on computer code which models the CESA tax calculation process as set out in the Common Process Manuals (CPM), which detail how CESA carries out the process of calculating a taxpayer's IT and NIC (plus Student Loan repayment) liabilities. Here, CESA (Computerised Environment for Self Assessment) refers to HMRC's computer system for administering Self Assessment. This code is used for a variety of purposes where it is desired to produce derived variables that are not present in the actual Self Assessment returns. It is subject to an extensive checking procedure and becomes available two years or so after the relevant tax years. This means that the figures in Table 10.2 for the two most recent years are projected. This is done by deriving a historical ratio of Basic Rate repayments (to charities) to Higher Rate repayments (to taxpayers) and using these to estimate the latest two years' Higher Rate figures from the corresponding Basic Rate outturn. The same procedure is applied for the combination of Higher Rate and Additional Rate relief in the appropriate years.

The reasoning is that there is unlikely to be any significant change in the ratio between BR and HR donations in the very short term (two years). Analysis of previous publications shows that, in cases where comparison is possible, the variance between the initial and final figures for a particular year is about 10%, and has always been less than 20%.

The figures also include an allowance for relief that is dealt with outside the Self Assessment system. An estimate for the overall total of such claims is produced on the basis of a 1% sample of the overall PAYE records and added to the estimate produced from Self Assessment data to give the overall

estimate of the amount of relief. In general, the amount derived from outside Self Assessment amounts to around 18% of the total. As by definition these people are not in Self Assessment one is relying on the next best alternative to estimate the figures; in this case it was through a 1% sample of data from COP (Computerisation of PAYE). This system has now been replaced by NPS (National Insurance and PAYE System) and where a larger 10% sample can be obtained. When this has been validated, the description of the methodology for Non Self Assessment figures will be updated.

These reliefs are covered in Table 10.2; a new year of both projections and outturn figures is generally added in December.

Payroll Giving figures are calculated on the basis of data on donations sent in by the Payroll Giving Agencies who run the Payroll Giving scheme. This is provided to HMRC in a standard format. In order to derive the cost of the relief (in Table 10.2), this data is then subject to a standard rate of relief derived from Basic Rate Relief (Table 10.3), Higher Rate Relief (Table 10.2), and gross amounts donated under Gift Aid (Table 10.3). Since an overall rate of relief is applied, rather than one specific to Payroll Giving, the figures presented for amount of relief are presented with substantial rounding. It is, however, possible to track the evolution of Payroll Giving with more precision using the donation amounts in Table 10.8. The donations data has been provided on a yearly (as against the earlier quarterly) basis from 2012; this required increased use of projected figures in the interim period. An audit programme for the procedures used by the Payroll Giving Agencies has started and a first round is substantially complete; the results so far have shown no problems relating to data systems or quality in most cases.

For **VAT**, the costs of reliefs to charities relate to zero-rated expenditure by charitable organisations based on ONS Household and NPISH (Non profit institutions serving households) sector data and up-rated in line with growth in total final consumption expenditure. As stated previously, this applies to certain categories of expenditure. In these categories assumptions have to be made as to the proportion of expenditure that is zero rated. These assumptions are taken from the EU Own Resources model. The figures are then up-rated to the current financial year to reflect the increase in the VAT rate and the components are up-rated by GDP or RPI and the total is then rounded to the nearest £50m.

Calculation of **SDLT** relief involves straightforward application of administrative data. Details of all SDLT returns are stored in a data warehouse and there is a specific code for charitable relief, so it is straightforward to aggregate the relevant information.

The calculation for **Non-domestic rates** is similar to VAT in that an appropriate multiplier is applied to an overall total for each constituent country of the UK. Most of the figures are only provisional for the latest year(s). They are marked as such in the table.

The calculation of **Inheritance Tax relief** is similar in principle to Higher Rate Relief, in that a calculation is carried out with and without the charity relief. Table 10.2 is updated for the cost of removing charity relief for the year before last using outturn data and for last year and this year forecasts are used. The time lag is partially due to the six months from date of death within which a return needs to be filed in, and partially due to late returns. IHT forecasts are produced using a microsimulation model and the various components, such as the value of assets and reliefs, which feed into the IHT calculation, are projected from the base year. Economic determinant forecasts supplied by the Office of Budget Responsibility are used to forecast the values of assets and reliefs and the Government Actuary's Department mortality forecasts are used to forecast the number of deaths. The tax is then calculated, firstly using all reliefs and secondly with no charity relief. The difference between the two is thus the cost of the charity relief.

The limitations of the estimates are;

- The costs are based on forecasts rather than outturn data
- There is no account taken of any behavioural change should the relief be eliminated

6. Disclosure Control

Statistical disclosure control (SDC) concerns safeguarding the confidentiality of the information that the HMRC holds about people and businesses.

The increased accessibility of data due to the internet and modern information technology translates into higher risk of identifying individuals from published statistics. Therefore, HMRC has policies in place to ensure that there is sufficient protection of the privacy of individuals contributing to official statistics yet still ensuring the statistics are adequate, robust and accurate.

Statistical disclosure control involves modifying the data so that it becomes sufficiently difficult to identify individuals. At a basic level, this involves removing information by not including it in a table, increasing the scope of the variables (e.g. measuring the range of repayments as being between (1 and 100 not between 1 and 10) or deliberately damaging the data.

Disclosure control methods attempt to find an optimal balance between the improvement in confidentiality protection and the reduction in data quality.

As the data presented is at an aggregate level that in itself provides a level of disclosure control as it would make it impossible to identify any data belonging to an individual.

The ranges in Table 10.4 are sufficiently wide so as to ensure that no single individual can be identified by a single large donation.

For years where little data is available the information has been suppressed. Where this has happened the data is presented as two ellipses [..].

Furthermore in the published statistics different columns are rounded to different levels reflecting the accuracy of the figures. It is therefore very common for the sum of the rounded components not to equal the stated sum of these components (as these are calculated unrounded).

7. Quality

The quality of these statistics is assessed against the six European Statistical Service dimensions of quality developed by Eurostat to ensure they are appropriate for publication. A summary of adherence with each dimension follows.

<http://www.ons.gov.uk/ons/guide-method/method-quality/quality/guidelines-for-measuring-statistical-quality/index.html>

Relevance

Understanding ways in which statistics are used

In the charity statistics publication HMRC include a statement about potential users of, and uses for, the statistics (see section 8 “Who might be interested in this publication”). HMRC also have some correspondence with users of the statistics, and are from time to time invited to comment on interpretations of them in the media. HMRC are working towards finding out more about the users of these statistics. A user survey has been conducted and a report is available at [HMRC Charity Tax Statistics User Consultation](#). More information on use and users is given in Section 8 below.

Uses for source data

There are two general types of data used here: HMRC administrative data and (for the Payroll Giving Scheme) data from the Payroll Giving Agencies,

With regard to HMRC administrative data, the primary purpose for collecting data through these administrative sources is to ensure that taxpayers are paying the correct amount of tax or in the case of charities receiving the correct reliefs and repayments. HMRC’s policy on the use of administrative data for producing statistics is set out at

[HMRC Statement of Administrative Sources](#)

For Payroll Giving, data on numbers of donors and amounts of donations is sourced from Payroll Giving Agencies, and providing it is a statutory obligation for them. Outside HMRC statistics, the data is also used in statistics published by the Institute of Fundraising (see [Facts & Figures](#)).

Accuracy

Coverage of statistics

The statistics in this publication specifically only cover those reliefs for which it is possible to make an accurate assessment. The underlying data is subject to various types of checking depending on the data source. This is covered in

[HMRC Statement of Administrative Sources](#)

For Payroll Giving, and audit programme directed at the processes used by Payroll Giving Agencies is presently in preparation. There are presently no perceived issues around data quality, but there have in the past been issues around discontinued donors and pooled funds.

For Self Assessment data, used in calculation of Higher Rate Reliefs, Quality Assurance processes are designed into the operational systems that collect the data and further quality checks are added by analysts using the data for analytical purposes. These checks include manual and automated checking processes. In addition, further checking is applied during the process of calculating the statistics published and reasonableness checks are carried out when new statistics are produced (are they in line with previous figures, are they what one would expect given what has happened since, are there plausible explanations for changes).

For Gift Aid repayments data, this is used in claiming and making repayments to charities and as such is thoroughly checked.

Information on the underlying data for VAT statistics is available at [VAT Bulletin](#).

Late returns

As indicated in the appropriate places, many of these figures are produced some time after the year in question, with the interim being supplied by projections of various kinds, so the question hardly arises.

Timeliness and punctuality

Availability of data

This will differ for different taxes and different data sources.

Timeliness versus completeness

As described in the corresponding sections, projections of various kinds are used in cases where awaiting a definitive result on the basis of outturn data would introduce an unconscionable delay.

Accessibility and clarity

Restrictions on access to data – tax payer confidentiality

Statistics are compiled using aggregated data.

Disclosure control

There do not appear to be any tables that present a disclosure risk.

Timetable for release of data

The next update is due in December 2014.

Comparability

Tax regime changes

Changes to tax rates, and rules around requirements to complete tax returns are treated in Section 4 of the publication.

Back series available

Annual data is published in this release for a period back to 1990-91.

Coherence

Population units

Where repayments to charities are in question, these charities are identified using standard identifiers for each charity registered to receive Gift Aid. Similarly, in Self Assessment data, all Self Assessment taxpayers have an individual identifier.

8. Who might be interested in this publication?

Charity tax reliefs are of interest to policy makers in government, academics, researchers and journalists with an interest in taxation and the 3rd sector. They might also be of interest to individuals or organisations working in fields related closely to charities for example fundraising agencies, sector bodies, accountants and other voluntary organizations.

More specifically, it is known that policy colleagues in HMRC and HMT use the statistics to assess the effects of policies in the charities tax field, as indeed do charities representative bodies. Charities also use the data to assess trends in charitable giving. Representative bodies have used the statistics in suggesting policy changes in the tax area, while the specialist media have used them as background for commenting on policy changes initiated by the Government.

9. User Engagement

We are committed to providing impartial quality statistics that meet our customers' needs. Feedback from users is welcome at any time, and you can contact the responsible statistician or use the feedback form on the HMRC website [here](#).

For example following the user consultation in 2012 we have since published a [response](#) detailing proposed changes.

The issues of data and charity tax statistics were discussed at the meeting of the Charity Tax Forum, with the result that follow-up meetings were held with charity sector representatives to define what enhancements might be expedient, (see <https://www.gov.uk/government/groups/charity-tax-forum>).

10. Related data sources

There are details on charitable relief statistics for other countries, but international comparability is problematic in view of different definitions of charitable activity and different tax regimes.

11. Publication and Revision Strategy

The data is scheduled to be released in three times a year with updates to Table 10.2 in April and December and to the other tables in June. The commentary in this bulletin will be updated at the same time as the tables it refers to. Release dates are announced on the UK Statistics Hub. Any delays to the publication date will be announced on UK Statistics Hub.

Each year will use the latest available data, which means that earlier data can be revised. In particular the more recent year's data is most likely to be subject to revision.

Following feedback and review of our rounding conventions it was decided to modify the rounding used in the publication, on the basis that the variability in the previous rounding could be distracting to the user.

The revisions undertaken in this update are given in Table 11.1.

TABLE 11.1: REVISED DATA

Table	Description	Year	New Value	Original Value	Change	Change %
10.1	2013-14 Added	2013-14				
10.2	Gift Aid Small Donation Scheme	2013-14	6	7	-1	-14%
10.2	Payroll Giving Relief	2011-12	40	30	+10	+33%
10.2	Total Relief for Individuals	2011-12	990	1000	+10	+1%
10.3	2013-14 Added	2013-14				
10.4	2013-14 Added	2013-14				
10.8	2013-14 Added	2013-14				
10.8	Gross amount donated	2011-12	118	122	+4	+3%
10.8	Cost of Income Tax Relief	2011-12	40	30	+10	+33%

12. Statistical Contacts

Enquiries about Charity Tax Statistics should be directed to the statisticians responsible for the publication:

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Media enquiries should be directed to the HMRC Press Office contacts listed on the front page of this release.

Annex 1: Glossary of terms.

Administrative data	Administrative data is statistical data from one or more administrative sources, and generally refers to data that is routinely generated for running a particular system (the tax system in this case).
Base year	A base year is the year used for comparison in a time series index. Often the first year of a data series is the year used for comparison. The base year is usually set to 100 so that percentage changes can be easily depicted.
Basic Rate	The percent of income paid as tax, this is different from the applicable marginal tax rate which is the tax rate applicable on the last pound. In the UK the basic rate is 20%.
Capital Gains Tax	A tax levied on the increase in value of assets. Capital gains are the profits that an individual realizes when he or she sells the capital asset for a price that is higher than the purchase price. Capital gains taxes are triggered when an asset is sold, not while it is held by an individual.
CESA (Computerised Environment for Self Assessment)	HMRC's computerised system for administering Self Assessment.
Covenant (also called a deed of covenant)	A scheme where an individual (the donor) signs a deed of covenant under which they promise to pay to a charity a sum net of income tax for a specified time period. The charity in turn reclaims, the tax deducted from the payments it receives.
CPM (Common Process Manual)	Sets out how calculations are implemented in CESA.
EU Own Resources Model	The financial resources of the EU are referred to as the VAT Own Resources. These are revenues calculated and paid over each year to the European Union by EU Member States. They are levied on finally taxed goods and services as prescribed under the EC VAT Directive 2006-112.

GDP	The monetary value of all the finished goods and services produced within a country's borders in a specific time period, usually yearly. It includes all of private and public consumption, government expenditure, investments and exports less imports that occur within a defined territory.
Gift Aid	Gift Aid is a UK tax incentive that enables tax-effective giving by individuals to charities in the United Kingdom. Any cash donations made by a taxpayer to be treated as being made after deduction of income tax at the basic and the charity can reclaim the Basic Rate Income Tax paid on the gift from HMRC.
Gift Aid Small Donations Scheme (GASDS)	GASDS is an analogue of Gift Aid for small cash donations where it would be impracticable for the charity to provide donor details. It is classed as public expenditure rather than a tax relief
Higher Rate /Additional Rate	The difference between a basic and higher rate taxpayer is level of income. All UK residents get a tax-free personal allowance of £8,105. They then pay 20% tax on the next £34,370 (basic rate tax). 40% tax on any income in excess of this (higher rate tax). When income exceeds £150,000 they then pay an additional 5% of income tax (45%- Additional Rate)
Household sector (ONS)	The household sector comprises all individuals in an economy who are living in traditional households as well as those living in institutions such as retirement homes and prisons. The sector also includes sole trader enterprises (the self-employed) and non-profit institutions serving households (NPISH). Examples of the latter include trade unions, universities and charities.
Income Tax	Is a tax that financial income generated by all entities within their jurisdiction. Income tax applies to individuals whilst companies will pay corporation tax. Most income tax is paid through PAYE; however individuals with more complex tax arrangements may use self assessment (SA) to pay income tax.
Inheritance Tax (IHT)	A tax on the value of a person's estate on death and on certain gifts made by an individual during their lifetime.
Microsimulation model	An analytical tool that looks at the interaction of individual "units" such as people or companies or charities. Each unit is treated as an autonomous entity and the interactions vary depending on parameters designed to represent individual preferences and tendencies.

Non profit institutions serving households sector (NPISH)	The sector non-profit institutions serving households (NPISHs) consists of organisations financed by voluntary transfers in cash or in kind from other institutional units for example charities, relief organisations and social, cultural, recreational and sports clubs
Non-Domestic Rates	Non-domestic rates (more commonly called business rates) are a tax on the occupation of non-domestic property- for example shops, cafes warehouses and offices.
Office for Budget Responsibility	The Office for Budget Responsibility was created in 2010 to provide independent and authoritative analysis of the UK's public finances. They produce forecasts for the economy and public finances, judge progress towards the Government's fiscal targets, assess the long-term sustainability of the public finances and scrutinise the Treasury's costing of Budget measures.
Payroll Giving	Payroll Giving allows an individual to make donations to charity directly from their pay or company/personal pension. Donations are made after your National Insurance contributions but before Income Tax is worked out and deducted. Because of this tax is only paid on what's left.
Payroll Giving agencies	Organisations that are approved and monitored by HM Revenue & Customs for the purposes of administrating of Payroll Giving.
'Qualifying' charity	A qualifying organisation that is recognised as a charity for tax purposes by HM Revenue & Customs (HMRC). You can check this by asking the charity to confirm that it has an HMRC charity reference number.
RPI	Is the Retail Price Index. The RPI measures the change in price of a basket of retail goods to give the cost of comparable goods over time.
Self Assessment	Self Assessment involves completing a tax return each year. It shows income and capital gains (profits on the sale of certain assets) and allows claims of tax allowances or reliefs on the tax return
SDLT (Stamp Duty Land Tax)	Stamp Duty Land Tax (SDLT) is payable when one buys or leases land or property. The relief works by exempting a charity from this tax so it will not have to pay Stamp Duty Land Tax when buying a property.

- Tax relief** An incentive designed to reduce the amount of tax owed by an individual or business entity-examples of tax relief include deductions for pension contributions and higher rate relief on gift aid donations.
- Time lag** A time lag is where the result of an event occurs some time after the event. For example in IHT the tax paid occurs some time after the date of death due to the legal procedures which need to happen.
- Transitional Relief** Is a 2% top up on the rate of tax, repaid to the charities resulting in the charities continuing to receive the tax repayment at 22%. Transitional Relief ran for three years and applied to all donations made between 6 April 2008 and 5 April 2011. As claims may result from donations made in past years, some residual Transitional Relief will be paid after 5 April 2011, but only on donations made before (or on) that date
- VAT** VAT is a tax that is charged on most goods and services that VAT-registered businesses provide in the UK. Different rates of VAT apply to different types of goods and services, and there are some goods and services that are not taxable for VAT at all. Charities are generally subject to the same VAT rules as any other organisations. There are, however, a number of VAT reliefs and exemptions available specifically for charities, subject to certain conditions and restrictions.
- VAT zero-rated** There are some goods and services that are zero-rated. This means that they are taxable for VAT, but the VAT rate is zero per cent. If you sell zero-rated goods or services, you can generally reclaim VAT on any purchases that relate to those sales. This is in contrast to if you sell only exempt goods or services, where you cannot normally reclaim VAT on your purchases.
- Volatile/Volatility** Measures how dispersed a series is over time. A high volatility means that values will potentially be spread over a larger range of values. A lower volatility means that the value of the series does not fluctuate dramatically. This means that time series with a high volatility can change dramatically over a short time period.